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Casey found 'not unfit' to run CIA

Washington (AP)—The Senate Intelligence Committee agreed yesterday that its four-month investigation had found that William J. Casey is not unfit to serve as CIA director, but it nevertheless criticized some of his private business practices, Senator Harrison Schmitt (R, N.M.) said.

The committee finished, but did not release, a cautiously worded 5- to 10-page report after two days of difficult negotiations behind closed doors. Senator Joseph Biden (D, Del.) said, however, he would dissent from the committee's basic conclusion about Mr. Casey's fitness to continue as CIA director.

One Senate source, who asked not to be named, said another Democrat, Senator Patrick Leahy of Vermont, had decided to sign the committee's investigative findings but not its conclusion about Mr. Casey's fitness to serve, arguing that that was for President Reagan to decide.

Mr. Schmitt said, "Our basic conclusion is that he was not unfit to serve, but it's safe to say the whole situation is not flattering. There were omissions in his reports" to the Senate committee.

Mr. Schmitt said he was convinced that inadvertent errors caused Mr. Casey to have to file amendments to his disclosures to the committee last January about his past business clients. "We just wish he was more meticulous in his private [business] life," Mr. Schmitt said.

But Senator Walter D. Huddleston (D, Ky.) said he believed the committee's report could be read two ways. Mr. Huddleston said Mr. Casey's errors could be viewed as ordinary mistakes or "you can take an attitude that there is a definite pattern of not being candid with the committee. There is enough in the report for the president to consider... whether it is in the best interests [of the country for Mr. Casey] to continue as director."

After the committee's second two-hour closed meeting in two days, Senator Daniel Patrick Moynihan (D, N.Y.), the acting chairman, announced that the panel would issue a report on its four-month investigation today.

Mr. Moynihan declined to discuss the contents, but did say it would not comment on Mr. Casey's decision not to put his stock portfolio in a blind trust while he heads the CIA. "That was not a subject assigned to this inquiry," Mr. Moynihan said.

Nevertheless, it was learned that the panel had debated whether to comment on

Mr. Casey, who has broad access to government's secret data on international economic developments, broke with the practice of his two predecessors at the CIA in keeping control of his stocks. Mr. Casey and his wife own stock worth at least \$1.8 million and perhaps more than \$3.4 million in 27 corporations with major foreign operations.

It could not be learned if the final report adopted criticisms of Mr. Casey proposed by the panel's special Democratic counsel, Irvin Nathan.

One senator, who asked not to be identified, had said Mr. Nathan's report "questions Casey's credibility."

Mr. Moynihan added that as far as he knew there would be no dissenting views or additional comments by individual senators in the report.

In an interview, Mr. Biden said later, however, that he would issue a statement after the committee report was released, disagreeing with its basic conclusion.

"I have a very different view from my colleagues on this matter," Mr. Biden said. "The issue is not whether Bill Casey committed crimes, but whether he has my confidence and the confidence of the committee."

Mr. Biden said he had no quarrel with the panel's investigative work or with its findings in specific cases it studied, but rather he disagreed "with what conclusions you draw from that. It's not because I think there's a smoking gun or he committed any crime. It goes to confidence."

The committee started looking at Mr. Casey's business practices after it became public in July that two federal court decisions had criticized his role in Multiponics, Inc., an unsuccessful New Orleans farming venture.

A federal appellate court ruled that Mr. Casey and other directors managed the firm in a pattern of self-interest, driving it deep into debt. A federal district judge ruled that Mr. Casey and other directors knowingly misled investors in the firm, but that judge has agreed to give Mr. Casey an opportunity to prove in court that he was not at fault.

The panel also examined Mr. Casey's appointment of Max Hugel, a New Hampshire sewing machine importer with no intelligence background, to head the agency's clandestine services. Mr. Hugel resigned last summer after denying charges of business improprieties leveled by two former partners.



WILLIAM J. CASEY